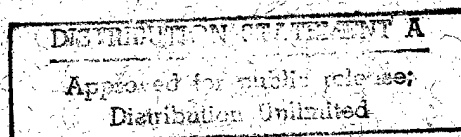


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LATIN AMERICA REPORT

No. 2720

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'EXCELLENT QUALITY' OIL REPORTEDLY FOUND IN COUNTRY

EXCELSIOR Correspondent's Report

San Jose LA REPUBLICA in Spanish 18 Jun 83 p 3

[Text] Mexico--Jointly with other concerns, the state enterprise Mexican Petroleum (PEMEX) is taking part in the search for hydrocarbons that has been underway in Costa Rican territory for the past 3 years. PEMEX sources here, however, said that it is not yet possible to claim any success in the nature of a finding. In any case, a spokesman explained, the Costa Rican Government is the one authorized to disclose information in this regard.

Yesterday, the correspondent of the daily EXCELSIOR in Costa Rica insisted that PEMEX has discovered petroleum of "excellent quality" of 35-degree API gravity (very similar to Arabian light), according to statements attributed to Fernando Altmann Ortiz, former minister of energy and mines of Costa Rica. The oil was supposedly mixed with mud, sand and cement at the drillsite of the San Jose 1 well, which reportedly was plugged as unproductive by the multinational companies that operated in that country between 1950 and 1972.

The report also refers to statements of Mexican technician Manuel Castaneda Dominguez, who is engaged in the drilling, pointing out that "the amount of gas in the rocks has increased, and that is very favorable."

For the time being, two wells are being drilled to the south of the Costa Rican Atlantic seaboard. These activities form part of a broader exploratory plan concerning the Caribbean Basin section of that country.

Mexico has participated in surveys in search of hydrocarbons in Cuba, Nicaragua and Guatemala, among other countries.

Referring again to the information furnished by the EXCELSIOR correspondent, parliamentary sources of the Opposition assert that there is a 90 percent probability of finding petroleum in Costa Rica. PEMEX supposedly will drill to a depth of 6,000 meters in the first well, and to 4,000 meters in the second. The Costa Rican Petroleum Refinery (RECOPE) is cited as pointing out that "four possible hydrocarbon-bearing horizons have been detected up to now" in the San Jose 1 well, which supposedly has already reached a depth of 4,300 meters.

The daily's report finally affirms that this is the first time petroleum has been found in the West without the participation of the multinational companies. It also denounces the purported attempts of First Vice President Alberto Fajalanza of Costa Rica to get PEMEX out of the exploratory activities in order to favor the return of the multinational companies.

Official Confirms Find

San Jose LA REPUBLICA in Spanish 21 Jun 83 p 2

[Text] "We have found five possible horizons that exhibit the characteristics of petroleum deposits in the San Jose 1 well, but we will not be able to determine the amount of their contents until production tests are made," Pedro Afonso, the engineer directing the petroleum exploration, said.

Afonso referred to reports concerning the discovery of petroleum in the area of Talamanca disseminated in Mexico by the state enterprise Mexican Petroleum (PEMEX), which is providing the financial and technical support for the drilling of the two wells in that region.

He pointed out that production tests will be made once the drilling reaches a depth of 6,000 meters. A depth of 4,539 meters has been reached to date.

He explained that barring any unforeseen events, all the tests will be completed before the end of the current year. Until then, it will be impossible to know if there is petroleum in commercial quantities. "There has always been petroleum in the area, but the amount is not known," he said.

Afonso pointed out that petroleum does not burst out of a well in violent fashion. "That is a drilling fault, and when careful drilling is performed--as that of the San Jose 1 well--it cannot rush violently to the surface."

8414

CSO: 3248/1019

LATIN AMERICAN SPECIALISTS DISAGREE ON DEBT RENEGOTIATION

Caracas EL NACIONAL in Spanish 1 Jul 83 p C-1

[Article by Edgardo Silberkasten: "Latin America Faces Two Concepts for Foreign Debt Renegotiation: General Renegotiation vs. Bilateral Refinancing"]

[Text] After a marathon round-table effort, which ended yesterday around 2000, the 14 participants in the discussion on the problem complex of Latin American indebtedness did not manage to arrive at an agreement and the two opposing views with respect to the advisability of renegotiating the foreign commitments in a general form will continue among the region's specialists.

Three representatives of the United States, who were joined by the former president of the Central Bank of Venezuela Carlos Rafael Silva, and former member of the board of directors of that institution and current vice president in charge of finances of the Cisneros group, Roberto Guarniero, headed the group that was in favor of going into bilateral conversations with the international financial community, arguing that the complex characteristics and differences of each of the Latin American countries make it impossible to renegotiate the foreign debt in a joint fashion. One of the clearest, most positive, and most feasible statements--in short-range terms, that is--was presented by former National Securities Commission Chairman Bernardo Paul, who pointed out that "Right now there is no stability whatsoever in the worldwide financial system and, as far as the debt is concerned, the greatest difficulties arise in regard to its servicing." He added that, "As a result of the inconveniences encountered in paying the foreign obligations, the private banks today include in their computations as a decisive factor the prevailing financial risk, something that was earlier unknown in the world of banking." To mitigate the negative effects, he proposed a series of mechanisms that would help in refinancing and that would work toward economic revival. Among them we must stress the development of the capital market [money market], the issue of long-term bonds (30 years) which are indexed, the creation of national investment funds to attract a "pool" of investors, the issue of national bonds based on the value of exports, and the creation of a Latin American currency which would serve to issue long-term bonds. He also suggested the creation of a Latin American Bank and the decentralization of the IMF.

Luther Hodges, Robert Hormats, and Samuel Eaton, the three representatives of the United States, agreed on the need for negotiating in a bilateral manner with the banks and the IMF. The first of these men maintained that the challenge in the current economic situation sprang from economic growth and that this is why it was necessary to restore the atmosphere of confidence. Then it would be necessary to study mechanisms for future financing and he proposed the creation of a new financial institution for this purpose. Hormats, for his part, was the man who with greatest intensity argued in favor of the impossibility of renegotiating in a combined form. He said that there are petroleum countries and others in the region which are importers, while there are nations with a huge public debt volume and private debts, while some have short-term and others have long-term obligations. He emphasized that one must not solve the problems in strictly economic situation terms but that one must, first of all, concentrate on solutions for the long run. Eaton recommended the adoption of gradual measures in the form of actions aimed at reducing public spending in the United States, reaffirming the drop in public spending in the region, pressuring the industrialized nations so as to get them to give access to Latin American exports that must reach their markets, improving financial information dissemination, and making sure that the creditors will increase their participation in regional and international cooperation organizations.

General Proposals

Hector Malave Mata was one of those who concentrated his presentation on action within the theoretical aspects of the current capitalist crisis and the effect which the central economies have on the periphery. He explained that the system works through the assembly of heterogeneous structures in worldwide, regional, and national contexts, and that implies production, distribution, and exchange relations which are obviously unequal between the centers and the periphery. The capitalism of the centers--with cycles that include recurrent crises--cannot remedy the troubles it is having without transferring a good dose of its failures to the vulnerable capitalism of the periphery.

Malava Mata said that a Latin America, shaken by the crisis, does not provide a favorable prospect for the economy of the centers. The heavy borrowing of the region, which was resolved through methods that stimulate economic revival of the lending countries, can signify serious troubles for the international financial system. "There is no worse repayment for the creditors than the insolvency of the debtors." He concluded his briefing, recalling that, while the payment difficulties of the Latin American countries constitute a general problem of that region, there is no other alternative but to accept their resolution through negotiations within a general, global framework.

Jorge Marcano, the Venezuelan delegate, was the first among the panelists who questioned the positions outlined by the United States representatives. He indicated that the total foreign debt of the world's developing countries comes to \$700 billion of which 80 percent are concentrated in 20 countries, with half in Latin America. Marcano presented a technical analysis of the indebtedness situation and said that private international banks must renegotiate these obligations. He demonstrated that, in refinancing the debt, the debtor countries will increase their exports, considerably restrict imports, and in this way the new loans obtained will help to pay the servicing

of the debt. In other words, it will only be necessary to take care of the interest. In this way, the chief beneficiaries of renegotiation are the banks themselves. Later on he explained that one of the topics that turns up during every debate session involves the moratoriums. Among the effects of this measure he indicated that the first attitude of the creditors would be to freeze the assets abroad, to put an embargo on exports, something which would lead to the failure of many banks and therefore all of the industrial world's central banks would have to try to get help from their own financial intermediaries--which would only accentuate the inflationary pressures along with other negative factors.

Marcana suggested a series of measures including an immediate reduction in interest rates to 7 percent, the establishment of a period of grace for the debt amounting to 4-5 years, the deferment of capital payments from 8 to 9 years, and active coordination between debtors and creditors. He also proposed the issue of special bonds that could be handled through a group of international organizations and that would avoid bilateral negotiations which he considered totally useless.

A Bank of the Third World

Roberto Espindola, a Chilean economist who lives in Great Britain, in his remarks analyzed the performance of the Venezuelan economy. A commentator for the magazine SOUTH, Espindola prepared a comparative study between Venezuela's economy and that of Brazil. He was very critical regarding the measures adopted by the current administration and pointed out that the absence of timely measures led to the current Venezuelan crisis. He reviewed the foreign debt situation and demonstrated that it is tied to forced negotiation with the IMF. "Venezuela will have to pay a spread of 1.37 percent in its renegotiation above the London inter-bank rate, which would signify an additional cost to the country in the billions of dollars."

Espindola did not confine himself to questioning the decisions adopted by the administration of Luis Herrera Campins but also proposed, for the region, unity among debtors in the renegotiation of the debt, centralized financial information on the developing world, and the creation of a bank of the Third World which would be a major tool in the discussion with the industrialized nations.

Manuel Ulloa, former Peruvian minister, presented a briefing which, for many people, was the best clarification on the topic analyzed during the round-table discussion. He asked that everybody should be concerned with the seriousness of the crisis but that it would be a fundamental thing directly to negotiate between debtor and creditor countries on the differences that exist between each nation. He termed the decade of the 1970's as the decade of borrowing and took the risk of predicting that the decade of the 1980's must be the decade of reproductive investments. To attain those goals, he said, it would be necessary to reorganize the debt for terms of no less than 20 years so that each country could start the process of economic recovery after the years of general recession. One of the most outstanding points in his

proposal had to do with the terms for debt payment, tied to the drop in bank interest rates, with the idea being that those interest rates are fixed and that refinancing should also be based on prices as a function of export.

Overall Negotiation Only as a Last Resort

Roberto Guarnieri had an overall view of the borrowing problem and in this sense said that the topic was initially underestimated, that the economic recession was not taken into account in its real dimension, that responsibilities must be shared, and that the lending bank for a long time continued to stimulate deficits. Today, he said, the situation on the money market is more serious because there is no money for financing. He added that it is necessary to spell out the level of adjustments proposed for renegotiation since the time frame, the gradual nature of measures involved, and the effects which this approach can have not only on the financial system but above all on the production machinery must be taken into account. Guarnieri alerted his listeners to the danger that a delay in payments implies above all for the entire banking system and the repercussions that might in general spring from that in the industrialized world. The banks want to renegotiate and this is why we have to do the job in a bilateral form; negotiating in a block must be our last card if all other mechanisms fail."

Finally, he questioned the restrictive policies of the IMF since they prevent economic revival, generate greater social problems, and aggravate the drop in the purchasing power--all of which harm political stability.

Francisco Mieres began his talk by refuting the concepts expounded by Guarnieri. "It is a miracle," he said "that the IMF, the OECD, and finance capital listen to certain demands from our countries." The most striking demonstration of this negative attitude was the latest meeting of UNCTAD which was held in Belgrade and which could not arrive at any agreement. He recalled that the recycling of petrodollars took place within the very financial system which he criticizes and that, thanks to this attitude, the system emerged stronger and that made it possible even further to accentuate underdevelopment. He stated that between 1973 and 1981 alone, the surplus of the petroleum producing countries was equal to the amount of the total debt of the developing world. Therefore, specific Latin American solutions are necessary. He used this opportunity to question the Venezuelan agreement with Veb Oil, indicating that, 10 years ago, a similar proposal was rejected although it had been advanced by the Brazilian petroleum enterprise PETROBRAS [Brazilian Petroleum Corporation]. "Those agreements are the only ones capable of boosting our action and thus advancing in negotiations with the industrialized nations."

The last American who participated was Joseph Grunwald. The central element in his presentation had to do with the region's need for dollars. For that purpose it is fundamental to export to the industrial world and that happens to the detriment of Latin American integration. This crisis works against integration.

Felipe Pazos, an advisor to the Central Bank, talked for only 9 minutes. However he expressed his concern with future regional financing. He said that, if there are no mechanisms for obtaining financing sources, credit will be

reduced between 10 and 20 percent. He proposed three steps: Greater protectionism, increase in taxes, and the search for new instruments to get domestic savings. And these three policies can be carried out in Venezuela because that is the country with the highest per-capita income.

Maxin Roos was the last to speak before the concluding remarks presented by the panel's moderator, Carlos Rafael Silva. He was in favor of possible proposals, not ideal proposals. He summarized the mistakes that were made in the following manner. First of all, he said, international banking did not act with sound financial principles. Next, the lending countries did not impose any type of regulations and, finally, we are responsible due to lack of discipline. We must get away from the myth of overall renegotiation and for that purpose he proposed viable solutions, including bilateral negotiations.

Carlos Rafael Silva summarized the meeting with the following nine conclusions:

- (1) The regional foreign debt is a financial topic but it cuts into the general policies of each country.
- (2) The debt determines the economic policy proposals.
- (3) The debt levels are critical, especially regarding debt servicing.
- (4) One of the difficulties sprang from the liberalization in the grant of loans.
- (5) Recycling of petrodollars and the increase in bank loans made problems worse.
- (6) The creditors want to negotiate in a bilateral form. I do not believe in a block of debtors.
- (7) Economic conditions are becoming more and more critical.
- (8) It will be necessary to accept the basic proposals of the IMF.
- (9) Access to financing sources in the future will become more and more difficult with each passing day.

5058

CSO: 3348/545

CHURCH, LABOR UNIONS JOIN EFFORTS TOWARD SOCIAL PEACE

Buenos Aires LA NACION in Spanish 6 Jul 83 p 11

[Text] The delegations from the CGT-RA [General Confederation of Labor-RA] and CGT-Azopardo [General Confederation of Labor-Azopardo] met yesterday with the Episcopal Group of the Social Pastoral, after the conclusion of which the union leaders stated that "we can be united or divided but will never be in confrontation with each other," while Alberto Triaca said that he hoped that the embrace--that they have just given each other--"would be the path to the unions' solidarity."

At the conclusion of the meeting a communique was issued in which it was pointed out that the ecclesiastical organization, "along with the representatives of the Argentine organized labor movement, have considered the serious socio-economic situation afflicting the Argentine people."

The communique adds that the factions "have agreed to keep on searching for the appropriate solutions that would achieve social peace, that would remedy the unjust socio-economic situation and that would permit the practice of the democracy to which we all aspire, stable and with true participation."

The Participants

Those from the CGT-RA participating in the meeting, besides Ubaldini, were Ramon Valle, Jose Rodriguez and Roberto Garcia, and from the CGT-Azopardo, besides Triaca, were Jorge Lujan, Luis Etchezar and Ramon Baldassini. Present at the meeting were Monsignors Justo O. Laguna, Rodolfo Bufano and Domingo Castagna.

Positive Meeting

Monsignor Bufano considered the meeting "very positive" and said that "it fills us all with hope," particularly if set in the framework of reconciliation.

The prelate added that among the avenues the church, along with the unions, will investigate, a meeting with the government cannot be dismissed.

When asked about a possible agreement with Chilean union leaders, Triaca pointed out that "when one talks of peace, one cannot be hostile. We want peace--he added--but also internal peace."

Regarding the possible unification of the two labor unions, Triaca said that the communique mentions the "labor movements," and "the acronyms have been left by the wayside."

Regarding this matter Ubaldini said: "God willing, some day soon there will be only one CGT."

9907

CSO: 3348/539

CHURCH-LABOR MEETING BRINGS SECTOR CLOSER TO UNITY

Buenos Aires CONVICCION in Spanish 6 Jul 83 p 6

[Article by Ruben Ortiz: "A Symbolic Embrace"]

[Text] The embrace in which Saul Ubaldini and Jorge Triaca held each other at the headquarters of the episcopate was more an expression of hope than a reflection of reality as regards the solidarity of the labor unions.

Contrary to what many persons thought, the solidarity of the labor unions was not the central issue of the meeting held yesterday evening by the representatives of both CGTs with the church's Social Pastoral Group.

The meeting resulted from an initiative of the church, worried about the workers situation in relation to salaries and about the possibility that drastic union reactions might have undesirable effects on the institutionalization process.

But ecclesiastical uneasiness is also engendered by the prospect that social discontent could be used for other purposes. "If the control of that feeling falls in the hands of another ideology, watch out!" Monsignor Rodolfo Bufano, the person from the Social Pastoral Group in charge of relations with the unions, warned last night.

Bufano made it clear that during last night's meeting the subject of the solidarity of labor unions was not specifically considered, but at the same time he cited as an example for the rest of society the gesture of the union members in forgetting their differences so that they might answer the summons of the church and pledge to search together for solutions that would promote social tranquility, reverse the economic situation and ensure a stable democracy.

Bufano also made it clear that the union members do not need advice, but took it as self-evident that "they will continue to be prudent." This statement, together with the commentaries by leaders of each of the CGTs, permits us to deduce that something was clarified at the meeting: no general coercive measures will be taken without knowledge of the result of the action that the unions agreed to take together with the church to induce the government to improve the socio-economic situation.

The prospect of a joint meeting with the government is one that neither the union members nor the bishops discard. Similar steps were taken by the church previously, and when the leaders asked for suggestions as to possible solutions, the bishops made it clear that "we are not experts."

In relation to terms, Monsignor Bufano was very clear: short-term solutions will have to be found, because we are "up to our necks in water."

There are indications that the initiative started by the church is not limited to union members and that soon political leaders and those of other sectors will be convened.

While knowledge of the result of the measures agreed to last night is still awaited, the meeting of the episcopate has already achieved something, in that it contributed to the rapprochement of the union members. But solidarity can only be attained by the unions themselves, and neither the government nor the church nor any external factor could bring it about, in the judgment of experienced observers.

9907

CSO: 3348/539

SHAKE-UP IN GOVERNMENT BOARDS DRAWS PLP CRITICISM

Road Safety Sacking

Hamilton THE ROYAL GAZETTE in English 17 Jun 83 p 1

[Text]

Mr. John Faiella has been dropped as chairman of the Bermuda Road Safety Council.

His removal by Transport Minister the Hon. William McPhee is believed to be start of a major shake-up in Government board appointees, who are to be revealed at the end of the month.

Last night Mr. Faiella put his dismissal down to disagreements between himself and Mr. McPhee on how to lessen Bermuda's traffic problems.

"I have been rather outspoken," he said. "Mr. McPhee and I disagree over certain things, particularly with regard to Police visibility. I think there should be more policemen, there should be more on the roads and they should be used more efficiently."

"Being a former policeman, Mr. McPhee feels the police presence is quite good," Mr. Faiella said.

Ironically, Mr. Faiella was one of six people appointed to the Road Safety Council in 1980 to replace Mr. McPhee, the then chairman, and four other members who resigned from the Council complaining that they had received little support from then Transport Minister Mr. James Pearman.

Mr. Faiella recalled yesterday: "Mr. McPhee was fed up with a Minister who did nothing. I am not suggesting the present minister does nothing. I realise that the wheels of Government turn slowly. I hope that government can handle constructive recommendations. If they cannot I feel sorry for them."

The out-going chairman said he was surprised to learn that he was to be dismissed, but insisted that he was not bitter.

National Trust Firings

Hamilton THE ROYAL GAZETTE in English 20 Jun 83 p 1

[Text]

Three appointees on the National Trust Council are the latest victims of the Government board reshuffles.

National Trust President Lt. Col. Michael Darling confirmed yesterday that the three Department of Educa-

tion-appointed council members, Dr. Simon Frazer, Mr. Jordy Walker and Mrs. Nesta Paschal had all been dropped.

Lt. Col. Darling said:

"They were very valuable members of the council who were doing a very good job.

They're the sort of people who don't grow on trees.

"It came as a quite a surprise and a disappointment to hear of it. We are very sorry to lose them."

He had no idea who would be replacing them and added that the Trust had

only found out about the changes when told by Dr. Frazer last week.

Dr. Frazer said: "I received a letter telling me that I was not going to be appointed from July 1. I was a bit surprised as I had understood I was going to be re-appointed. When I told Lt. Col. Darling he seemed quite surprised too. The letter came completely out of the blue."

Dr. Frazer had served on the council for a year and a half. Mr. Walker and Mrs

Paschal were out of the Island yesterday.

When asked why the council members were being dropped and who would replace them, Education Minister the Hon. William Cox replied:

"Those are very good questions, but I have no comment to make at the moment."

Last Friday it was revealed that Mr. John Faiella, Road Safety Board chairman been replaced in a move which was seen to be

the beginning of a major Government board reshuffle.

Last night St. George's South MP Mr. Sidney Stallard hinted that he would be getting a new job in the reshuffle. He also defended the changes, saying that new blood was needed on the boards and some people had sat too long on one particular board.

Government board appointments are due to be announced at the end of this month by the Cabinet Office.

Cabinet Dissatisfaction

Hamilton THE ROYAL GAZETTE in English 23 Jun 83 pp 1, 10

[Text] Most of Premier John Swan's Cabinet Ministers are furious over the "massacre" of Government boards and the manner in which the sackings were carried out.

They are angry that they were told who would be on their respective boards instead of being asked for recommendations. And they believe that many of the new names were selected by the Premier's "kitchen Cabinet" of himself, Mr. Edgar Wilkinson and Mr. Raj Nadarajah.

Mr. Wilkinson is the United Bermuda Party treasurer and was a driving force behind the scenes in getting Mr. Swan elected as Premier 18 months ago. Mr. Nadarajah is Mr. Swan's controversial close friend and the man who looks certain to get the \$45,000 a year post as the Premier's personal aide.

Some Ministers are also angry that heads of departments were ordered by the Cabinet Office to send brief notes to board members telling them they were fired — without the courtesy of the Minister's signature.

"That's no way to treat people who have given the country good service," said one Minister.

Mr. Swan is hosting a lunch at the Fourways Inn today for members of the media to explain the carve-up of the 75 boards.

Concerned Ministers, MPs and party workers alike agree that it is important to

introduce "new blood" to the advisory and statutory bodies. But they fear that the boards are simply being used to pay off political debts and to surround Mr. Swan with men and women fiercely loyal to him, rather than people who will be working solely for the good of the country.

Certainly a number of appointments appear to be a thank-you for work done in the February election which Mr. Swan won after a presidential-style campaign.

The campaign manager, Mr. Mike Winfield, has been rewarded with a position on the important Tourist Board, while long-time member and leading hotelier Mr. Cyrus Elkins has been thrown off. Also on the board are Ms. Carmen Blackett, who ran unsuccessfully for the United Bermuda Party in Southampton East, and Mr. Norman Jones, general manager of

the Bank of Butterfield.

The current board chairman, Mr. Sidney Stallard MP, is switched to the Hospitals Board, and is replaced by Mr. Kirk Cooper, who had a vital fund-raising role in the election.

Dr. Clarence Terceira, a member of the election campaign committee and a former chairman of the UBP, is to be chairman of the Broadcasting Commissioners.

Mr. John Harvey, a failed UBP candidate in Sandys South and a close friend of Mr. Swan, gets the chairmanship of the Road Safety Council. And another failed candidate, Mr. Rex Darrell, who ran in Southampton East, gets a place on the Hospitals Board.

Backbench MPs who were elected for the first time in February and are rewarded with chairmanships of important boards are Mr. Maxwell Burgess, at Public

Works, and Dr. George Thomas, at Education.

Speculation is running high over whether two other "Swan men" will be given appointments. One is Mr. Eldridge Brimmer, the former Secretary General of the Bermuda Industrial Union who quit the union shortly before the election and then publicly declared his support for Mr. Swan.

The other is Mr. Altimont Roberts, Mr. Swan's brother-in-law, who was earlier this year made secretary of the UBP.

The procedure in the past for appointing boards was that Ministers made recommendations to the Premier which were nearly always accepted. The Ministerial responsibility appears to be enshrined in the Constitution which states that boards "shall be subject to

the directions of the Minister concerned".

But on this occasion Ministers were called in to see the Premier and told who the members of their boards would be. Although several Ministers complained, only a few changes were made.

None of the Ministers who could be contacted yesterday was prepared to discuss the matter. All said they would not make any comment until the boards were officially announced on July 1.

But it is no secret that the majority of them are angry. Some have already spoken to long-serving members of their boards who have been axed and expressed their personal feelings.

"The Minister called me to say he did not want me fired, but there was nothing he could do about it," said one sacked member.

Several Ministers are expected to send personal letters to those who have been ditched, expressing their appreciation for past service.

One branch member who was active in ensuring a UBP success in a marginal constituency in February said she was appalled at the sweeping changes and contacted a Minister.

"He told me he was livid too, but there was nothing he could do. He had been given the names and that was it. I think the public feel this is all the fault of the Ministers but they have had nothing to do with it."

Another appointment learned yesterday was that of Mr. Eugene Saunders as chairman of the Telecommunications Authority. He is an exempt company executive who formerly worked in computers with the Bermuda Telephone Company.

Swan Defense of Action

Hamilton THE ROYAL GAZETTE in English 24 Jun 83 p 2

[Text] Premier the Hon. John Swan yesterday said that Mr. Raj Nadarajah had no involvement in the selection of new Government board members.

Speaking at a Press conference lunch at Fourways Inn yesterday, Mr. Swan pointed out that his close friend Mr. Nadarajah had been out of the Island for several weeks and went on to deny any constitutional violations in the selection of new board members.

Mr. Swan was responding to reports of widespread sackings of Government board members, which has angered Cabinet Ministers who claim they did not choose their own board members.

They also believe that many of the new names were selected by the Premier's "kitchen cabinet" of himself, Mr. Edgar Wilkinson, United Bermuda party treasurer, and Mr. Nadarajah.

Mr. Wilkinson, said the Premier, had forwarded to him for consideration some names of UBP members.

Mr. Swan said the appointments were discussed with Cabinet Ministers, but he declined to say whether they had any say in the appointments.

Asked whether Cabinet Ministers were upset about the selection process, Mr. Swan replied he had received no repercussions, resignations or recriminations from any in the group.

The Premier declined to name any new board members saying that the list would be published on July 1. But he defended the clean sweep saying that major alterations were needed so that the boards would be more reflective of the community.

People who were involved in the recent election campaign had been named to boards, he said. But he said he had made it clear to new board members that they would have to work to keep their places.

PLP Criticism

Hamilton THE ROYAL GAZETTE in English 25 Jun 83 p 2

[Text] Premier the Hon. John Swan was yesterday accused of "downright rudeness" over his handling of replacements on Government boards.

The charge came from Opposition Leader Mrs. Lois Browne Evans during the motion to adjourn in the House of Assembly.

She was referring to grumbles — some reportedly at Ministerial level — at the summary sacking of personnel on Government boards.

Mrs. Browne Evans also said the affair had been approached with autocracy and bad behaviour and called it a form of "musical chairs".

The PLP leader said she could remember when Mr. Swan had previously demonstrated his pique as Home Affairs Minister.

"Someone ruffled his feathers so much then and got him so annoyed that the man concerned was told to settle his affairs and leave the country," Mrs. Browne Evans said.

"At that time people talked about it up and down the country," she added.

"Now they might say: 'That is not John Swan'. But today it is not the same John Swan."

Mrs. Browne Evans said Government, having now a sufficient majority and

"clout", would be staffing the various boards with "party hacks".

"You will put party hacks on the boards and they will become a rubber stamp for the Minister," she said.

Mrs. Browne Evans said another spectacle had occurred when former Minister Mrs. Gloria McPhee had spoken ill of a board.

"No sooner had she spoken mean of the board than the Premier stepped in and sacked her.

"Now we have all these Ministers belly-aching this week because the Premier bypassed them.

"Suddenly Ministers are leaking their disappointment to the Press and the UBP shows a disunited face."

She said Mr. Swan was driving home the message that he was at the top and ruling after the last election and Ministers were having to go along with it.

"Nothing corrupts more than power," the Opposition Leader said. "It is important to let one or two people know that on the other side.

"Letter upon letter went out to citizens of this country to cut them off just like that and it was an error. The Premier then said he had reviewed the situation and some letters are going out telling some to ignore the first letters — but he should have thought before he sent

them out in the first place.

"It should not have been contemplated that the Premier might not have consulted the Ministers concerned. You cannot run a Government like this. We are run not on the American way of democracy but on the Westminster system of collective responsibility."

Earlier, Mr. Stanley Morton (PLP), referring to plans for a new building to house, among others, the office of the Premier's personal aide, had claimed Mr. Swan was spending people's money lavishly to consolidate his position.

The Hon. Quinton Edness, Minister of Public Works, said there was no disunity in the UBP.

"The people of this country won't be fooled by a barrage of hollow, descriptive adjectives," Mr. Edness said in answer to Mr. Morton's charges.

The Hon. Sir John Sharpe, Minister of Home Affairs, accused the PLP of indulging in character assassination again and advised Mr. Swan not to retort because firstly he was not that sort of gentleman, and secondly he wouldn't be half as good at it as the PLP.

"I wish the other side would bury the sour grapes they are carrying and strike out for the high ground and leave the low ground they have occupied for so long," Sir John said.

DISPARITY IN SWAN, EVANS AIDES' SALARIES IGNITES ROW

Swan Reassurances

Hamilton THE ROYAL GAZETTE in English 18 Jun 83 p 1

[Text]

The person who gets the job of personal aide to the Premier will be paid \$865 a week.

The salary is likely to set off a major storm in the House of Assembly when the matter is debated, probably in two weeks. For while the aide to the Hon. John Swan will be picking up \$45,000 a year, the personal assistant to Opposition Leader Mrs. Lois Browne Evans will get only \$16,000 a year, or \$308 a week.

Mrs. Browne Evans has already complained that Government is being unfair in allowing her only a secretary as an aide, while Mr. Swan's assistant will be a political advisor and speech writer. When the legislation allowing the posts was debated a few weeks ago in the House, Mrs. Browne Evans said that if the Premier was to have a highly-paid advisor whose salary came from public funds, she would demand the same treatment.

The hot favourite for the job as Premier's aide is Sri Lankan Mr.

Raj Nadarajah, who is currently employed by the John W. Swan real estate firm. Mr. Nadarajah hit the headlines last year when it was revealed his application for status had not been advertised in the normal way. He eventually withdrew his application.

Mr. Swan has said that the job will be advertised and full consideration will be given to qualified Bermudians. He will personally make the selection.

The salaries were revealed yesterday when Government told the House of Assembly it would need to pay out nearly \$3 million more than predicted in the Budget which was presented in February. Almost all of that cash will go in wage rises agreed recently with the Bermuda Industrial Union.

Other major amounts in the supplementary estimate to the Budget are \$100,000 for the Royal Commission on Drugs and \$600,000 for the Summerhaven home for the handicapped.

Issue of Office Expansion

Hamilton THE ROYAL GAZETTE in English 24 Jun 83 pp 1, 2

[Text] A proposed \$1 million extension to the Cabinet Office is guaranteed to draw fire from the Progressive Labour Party who regularly accuse Premier the Hon. John Swan of surrounding himself with the trappings of a president.

And some members of his own party are not too happy about it either. The plan is for a basement and two-storey addition to the Reid Street side of the Cabinet building on Front Street.

It is likely to house five or six offices with one understood to be earmarked for the Premier's \$45,000-a-year aide, who looks sure to be Mr. Raj Nadarajah.

"They're calling it the 'Raj Mahal'," said one disgruntled Minister.

Draft plans have been drawn up for the extension, which at current prices would probably cost between \$600,000 and \$700,000.

But as work would not begin until early 1984, rising costs would be likely to push the final price towards the \$1 million mark.

Opposition Leader Mrs. Lois Browne Evans said she was not surprised to hear of the extension plan.

"We said that when the Premier got his highly paid aide, they would have to build a fancy office for him" she said.

"We have always been critical of the Premier surrounding himself with the trappings of a president when we are still a colony. I just hope he does not go for the Rolls Royce next."

Mr. Swan could not be contacted about the matter last night.

The Cabinet Secretary, Mr. James Williams, would not deny that plans had been drawn up but stressed: "No plans have been approved." He said a Cabinet committee was considering the whole question of accommodation for the Judiciary, the Legislature and the Cabinet Office. At present, a quarter of Cabinet Office space is used by the Senate.

Government intends to appoint a second Cabinet secretary who would presumably need an office, as would the Premier's aide. And two Ministers, Senator Charles Collis and the Hon. Ernest Vesey, work out of the Cabinet building.

"We have been tight for space," said Mr. Williams. "But until that committee reports, the whole thing is very much in the discussion stage."

Mr. Colin Benbow, a former Government MP and recently sacked chairman of the Public Works Board, said he was alarmed at the plans.

"I have heard the figure of one million mentioned for this and if it is true, I feel the money would be far better spent on providing homes for the people who have to sleep in the bushes at night or those with a drugs problem."